

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re

CITY OF DETROIT, MICHIGAN,

Debtor.

No. 13-53846

Chapter 9

HON. STEVEN W. RHODES

**STATE OF MICHIGAN'S COMMENTS ON PROPOSED ORDER  
IDENTIFYING LEGAL ISSUES, ESTABLISHING BRIEFING  
SCHEDULE AND SETTING HEARING DATE AND  
PROCEDURES (DKT. #5172)**

The State of Michigan respectfully submits the following  
comments to the Court's proposed order:

1. Item #7 of the proposed order describes the proposed legal issue as "Whether the pension investment return and discount rate restrictions in §§ II.B.3.q.ii.B and r.ii.B of the Plan violate M.C.L. § 38.1140m."

2. The State submits that this issue is moot due to legislation recently approved by the Michigan Legislature, with a vote for immediate effect in both chambers, that will be signed into law by Governor Snyder within a matter of days.

3. M.C.L. § 38.1140m (copy attached as exhibit A) governs the calculation of annual contributions that public employers are required to make to their respective pension plans.

4. On May 22, 2014, the Michigan House of Representatives passed House Bill No. 5570 and on June 3, 2014, the Michigan Senate passed the identical bill (copy attached as exhibit B). House Bill No. 5570 amends M.C.L. § 38.1140m by adding a new subsection (2) which states: “Subsection (1) applies to a Large Sponsored System except as otherwise provided in a Plan for Adjustment. As used in this subsection, ‘Plan for Adjustment’ means that term as defined in section 13g.”

5. On June 3, 2014, Governor Snyder publicly announced his intention to sign House Bill No. 5570 into law as soon as it is presented to him for signature. The presentment process should be completed within a matter of days.

6. The newly enacted subsection (2) of M.C.L. § 38.1140m provides an exception to the application of subsection (1) for terms “otherwise provided in a Plan for Adjustment” confirmed by a federal bankruptcy court. Therefore, §§ II.B.3.q.ii.B and r.ii.B of the City’s Plan

do not violate M.C.L. § 38.1140m and the issue of whether item #7 is an appropriate legal issue for briefing and argument will be moot within a matter of days. The State respectfully submits that item #7 be deleted from the Court's order.

Respectfully submitted,

/s/Matthew Schneider

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